

\* \* \* State Funding of Public Education \* \* \*

Sec. 1. 16 V.S.A. § 4001 is amended to read: [July 1, 2027]

§ 4001. DEFINITIONS

As used in this chapter:

(1) “Average daily membership” of a school district ~~or, if needed in order to calculate the appropriate homestead tax rate, of the municipality as defined in 32 V.S.A. § 5401(9),~~ in any year means:

\* \* \*

(6) ~~“Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.~~

~~(A) [Repealed.]~~

~~(B) For all bonds approved by voters prior to July 1, 2024, voter-approved bond payments toward principal and interest shall not be included in “education spending” for purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12). [Repealed.]~~

\* \* \*

(13) ~~“Base education~~ Categorical base amount” means a number used to calculate categorical grants awarded under this title that is equal to \$6,800.00 per equalized pupil, adjusted as required under section 4011 of this title.

(14) ~~“Per pupil education spending” of a school district in any school year means the per pupil education spending of that school district as determined under subsection 4010(f) of this title. [Repealed.]~~

\* \* \*

(16) “Base amount” means a per pupil cost-factor amount of \$XX,XXX.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, “adjusted for inflation” means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined.

(17) “Educational opportunity payment” means the base amount multiplied by the school district’s weighted long-term membership as determined under section 4010 of this title.

Sec. 2. 16 V.S.A. § 4010 is amended to read: [July 1, 2027]

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP  
AND ~~PER PUPIL EDUCATION SPENDING~~ EDUCATIONAL  
OPPORTUNITY PAYMENT

\* \* \*

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the long-term membership, as defined in subdivision 4001(7) of this title, in that category.

(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership shall count as one, multiplied by the following amounts:

(A) prekindergarten—~~negative 0.54~~ X.X;

(B) grades six through eight—~~0.36~~ X.X; and

(C) grades nine through 12—~~0.39~~ X.X.

(2) The Secretary shall next apply a weight for pupils whose family is at or below 185 percent of FPL. Each pupil included in long-term membership whose family is at or below 185 percent of FPL shall receive an additional weighting amount of ~~1.03~~ X.X.

1           (3) The Secretary shall next apply a weight for EL pupils. Each EL  
2           pupil included in long-term membership shall receive an additional weighting  
3           amount of ~~2.49~~ X.X.

4           (4) The Secretary shall then apply a weight for pupils living in low  
5           population density school districts. Each pupil included in long-term  
6           membership residing in a low population density school district, measured by  
7           the number of persons per square mile residing within the land area of the  
8           geographic boundaries of the district as of July 1 of the year of determination,  
9           shall receive an additional weighting amount of:

10           (A) ~~0.15~~ X.X, where the number of persons per square mile is fewer  
11           than 36 persons;

12           (B) ~~0.12~~ X.X, where the number of persons per square mile is 36 or  
13           more but fewer than 55 persons; or

14           (C) ~~0.07~~ X.X, where the number of persons per square mile is 55 or  
15           more but fewer than 100.

16           (5) The Secretary shall lastly apply a weight for pupils who attend a  
17           small school. If the number of persons per square mile residing within the land  
18           area of the geographic boundaries of a school district as of July 1 of the year of  
19           determination is 55 or fewer, then, for each pupil listed under subdivision

20           (b)(3)(C) of this section (pupils who attend small schools):

1 (A) where the school has fewer than 100 pupils in average two-year  
2 enrollment, the school district shall receive an additional weighting amount of  
3 ~~0.24~~ X.X for each pupil included in the small school's average two-year  
4 enrollment; or

5 (B) where the small school has 100 or more but fewer than 250  
6 pupils, the school district shall receive an additional weighting amount of ~~0.07~~  
7 X.X for each pupil included in the small school's average two-year enrollment.

8 (6) A school district's weighted long-term membership shall equal long-  
9 term membership plus the cumulation of the weights assigned by the Secretary  
10 under this subsection.

11 \* \* \*

12 (f) Determination of ~~per pupil education spending~~ educational opportunity  
13 payment. ~~As soon as reasonably possible after a school district budget is~~  
14 ~~approved by voters, the Secretary shall determine the per pupil education~~  
15 ~~spending for the next fiscal year for the school district. Per pupil education~~  
16 ~~spending shall equal a school district's education spending divided by its~~  
17 ~~weighted long-term membership~~ The Secretary shall determine each school  
18 district's educational opportunity payment by multiplying the school district's  
19 weighted long-term membership determined under subsection (d) of this  
20 section by the base amount.

21 \* \* \*

1 (h) Updates to weights, base amount, and transportation reimbursement.  
2 On or before January 1, ~~2027~~ 2030 and on or before January 1 of every fifth  
3 year thereafter, the Agency of Education and the Joint Fiscal Office shall  
4 calculate, based on their consensus view, updates to the weights and the base  
5 amount to account for cost changes underlying those weights and shall issue a  
6 written report on their work to the House and Senate Committees on  
7 Education, the House Committee on Ways and Means, and the Senate  
8 Committee on Finance. The General Assembly shall update the weights under  
9 this section, the base amount, and transportation reimbursement under section  
10 4016 of this title not less than every five years and the implementation date for  
11 the updated weights and transportation reimbursement shall be delayed by a  
12 year in order to provide school districts with time to prepare their budgets.  
13 Updates to the weights may include recalibration, recalculation, adding or  
14 eliminating weights, or any combination of these actions.

15 Sec. 3. 16 V.S.A. § 4011 is amended to read: [July 1, 2027]

16 § 4011. EDUCATION PAYMENTS

17 (a) Annually, the General Assembly shall appropriate funds to pay for  
18 ~~statewide education spending~~ each school district's educational opportunity  
19 payment and supplemental district spending, less any offsetting funds, as  
20 defined under 32 V.S.A. § 5401(18) and a portion of a base education

1 categorical base amount for each adult education and secondary credential  
2 program student.

3 (b) For each fiscal year, the categorical base ~~education~~ amount shall be  
4 \$6,800.00, ~~increased by the most recent New England Economic Project~~  
5 ~~Cumulative Price Index, as of November 15, for state and local government~~  
6 ~~purchases of goods and services~~ which shall be adjusted for inflation annually  
7 on or before November 15 by the Secretary of Education. As used in this  
8 subsection, “adjusted for inflation” means adjusting the categorical base dollar  
9 amount by the National Income and Product Accounts (NIPA) implicit price  
10 deflator for state and local government consumption expenditures and gross  
11 investment published by the U.S. Department of Commerce, Bureau of  
12 Economic Analysis, from fiscal year 2005 through the fiscal year for which the  
13 amount is being determined, ~~plus an additional one-tenth of one percent.~~

14 (c) Annually, each school district shall receive ~~an education spending~~  
15 ~~payment~~ for support of education costs its educational opportunity payment  
16 determined pursuant to subsection 4010(f) of this chapter and a dollar amount  
17 equal to its supplemental district spending, less any offsetting funds, if  
18 applicable to that school district, as defined in 32 V.S.A. § 5401. An  
19 ~~unorganized town or gore shall receive an amount equal to its per pupil~~  
20 ~~education spending for that year for each student. No district shall receive~~  
21 ~~more than its education spending amount.~~

1 (d) [Repealed.]

2 (e) [Repealed.]

3 (f) Annually, the Secretary shall pay to a local adult education and literacy  
4 provider, as defined in section 942 of this title, that provides an adult education  
5 and secondary credential program an amount equal to 26 percent of the  
6 categorical base ~~education~~ amount for each student who completes the  
7 diagnostic portions of the program, based on an average of the previous two  
8 years; 40 percent of the payment required under this subsection shall be from  
9 State funds appropriated from the Education Fund and 60 percent of the  
10 payment required under this subsection shall be from State funds appropriated  
11 from the General Fund.

12 \* \* \*

13 (i) Annually, on or before October 1, the Secretary shall send to school  
14 boards for inclusion in town reports and publish on the Agency website ~~the~~  
15 ~~following information:~~

16 ~~(1) the statewide average district per pupil education spending for the~~  
17 ~~current fiscal year; and~~

18 ~~(2) a statewide comparison of student-teacher ratios among schools that~~  
19 are similar in number of students and number of grades.

20 Sec. 4. 16 V.S.A. § 4025 is amended to read: [July 1, 2027]

21 § 4025. EDUCATION FUND



1 (a) The Education Fund is established to comprise the following:

2 (1) all revenue paid to the State from the statewide education tax on  
3 nonhomestead and homestead property under 32 V.S.A. chapter 135;

4 (2) all revenue paid to the State from the supplemental district spending  
5 tax imposed pursuant to 32 V.S.A. § 5402(f);

6 \* \* \*

7 (b) Monies in the Education Fund shall be used for the following:

8 \* \* \*

9 ~~(3) To make payments required under 32 V.S.A. § 6066(a)(1) and only~~  
10 ~~that portion attributable to education taxes, as determined by the Commissioner~~  
11 ~~of Taxes, of payments required under 32 V.S.A. § 6066(a)(3). The State~~  
12 ~~Treasurer shall withdraw funds from the Education Fund upon warrants issued~~  
13 ~~by the Commissioner of Finance and Management based on information~~  
14 ~~supplied by the Commissioner of Taxes. The Commissioner of Finance and~~  
15 ~~Management may draw warrants for disbursements from the Fund in~~  
16 ~~anticipation of receipts. All balances in the Fund at the end of any fiscal year~~  
17 ~~shall be carried forward and remain a part of the Fund. Interest accruing from~~  
18 ~~the Fund shall remain in the Fund. [Repealed.]~~

19 \* \* \*

20 Sec. 5. 16 V.S.A. § 4026 is amended to read: [July 1, 2027]

21 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

\* \* \*

(a) On or before September 10, December 10, and April 30 of each school year, one-third of the education spending payment under section 4011 of this title each school district's educational opportunity payment as determined

1 under subsection 4010(f) of this chapter and supplemental district spending,  
2 less any offsetting funds, as defined in 32 V.S.A. § 5401, shall become due to  
3 school districts,~~except that districts that have not adopted a budget by 30 days~~  
4 ~~before the date of payment under this subsection shall receive one quarter of~~  
5 ~~the base education amount and upon adoption of a budget shall receive~~  
6 ~~additional amounts due under this subsection.~~

7 (b) Payments made for special education under chapter 101 of this title, for  
8 career technical education under chapter 37 of this title, and for other aid and  
9 categorical grants paid for support of education shall also be from the  
10 Education Fund.

11 ~~(c)(1) Any district that has adopted a school budget that includes high~~  
12 ~~spending, as defined in 32 V.S.A. § 5401(12), shall, upon timely notice, be~~  
13 ~~authorized to use a portion of its high spending penalty to reduce future~~  
14 ~~education spending;~~

15 ~~(A) by entering into a contract with an operational efficiency~~  
16 ~~consultant or a financial systems consultant to examine issues such as~~  
17 ~~transportation arrangements, administrative costs, staffing patterns, and the~~  
18 ~~potential for collaboration with other districts;~~

19 ~~(B) by entering into a contract with an energy or facilities~~  
20 ~~management consultant; or~~

~~(2) To the extent approved by the Secretary, the Agency shall pay the district from the property tax revenue to be generated by the high spending increase to the district's spending adjustment as estimated by the Secretary, up to a maximum of \$5,000.00. For the purposes of this subsection, "timely notice" means written notice from the district to the Secretary by September 30 of the budget year. If the district enters into a contract with a consultant pursuant to this subsection, the consultant shall not be an employee of the district or of the Agency. A copy of the consultant's final recommendations or a copy of the district's recommendations regarding reorganization, as appropriate, shall be submitted to the Secretary, and each affected town shall include in its next town report an executive summary of the consultant's or district's final recommendations and notice of where a complete copy is available. No district is authorized to obtain funds under this section more than one time in every five years. [Repealed.]~~

\* \* \*

Sec. 7. 16 V.S.A. § 563 is amended to read: [July 1, 2027]

## § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

The school board of a school district, in addition to other duties and authority specifically assigned by law:

\* \* \*

(11)(A) Shall prepare and distribute annually a proposed budget for the next school year according to such major categories as may from time to time be prescribed by the Secretary.

(B) [Repealed.]

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ten days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;

(ii) the specific amount of any deficit incurred in the most recently closed fiscal year and how the deficit was or will be remedied;

1 (iii) the ~~anticipated homestead~~ statewide education tax rate, as  
2 adjusted for each tax classification pursuant to 32 V.S.A. § 5402 ~~and the~~  
3 ~~percentage of household income used to determine income sensitivity in the~~  
4 ~~district as a result of passage of the budget, including those portions of the tax~~  
5 ~~rate attributable to supervisory union assessments; and~~

6 (iv) the definition of “~~education spending~~ supplemental district  
7 spending,” the ~~number of pupils and number of equalized pupils in long-term~~  
8 membership of the school district, and the district’s ~~education spending~~ per  
9 ~~equalized pupil~~ supplemental district spending in the proposed budget and in  
10 each of the prior three years; and

11 (v) the supplemental district spending yield.

12 (D) The board shall present the budget to the voters by means of a  
13 ballot in the following form:

14 “Article #1 (School Budget):

15 Shall the voters of the school district approve the school board  
16 to expend \$ \_\_\_\_\_, which is the amount the school board has determined to  
17 be necessary in excess of the school district’s educational opportunity payment  
18 for the ensuing fiscal year?

19 The \_\_\_\_\_ District estimates that this proposed budget, if  
20 approved, will result in per pupil ~~education~~ supplemental district spending of  
21 \$\_\_\_\_\_, which is \_\_\_\_\_% higher/lower than per pupil ~~education~~

1 supplemental district spending for the current year, and a supplemental district  
2 spending tax rate of \_\_\_\_\_ per \$100.00 of equalized education property  
3 value.”

4 \* \* \*

5 Sec. 8. REPEALS [July 1, 2027]

6 (a) 16 V.S.A. § 4031 (unorganized towns and gores) is repealed.

7 (b) 2022 Acts and Resolves No. 127, Sec. 8 (suspension of excess spending  
8 penalty, hold harmless provision, and ballot language requirement) is repealed.

9 Sec. 9. 16 V.S.A. § 4032 is added to read [July 1, 2027]

10 § 4032. SUPPLEMENTAL DISTRICT SPENDING RESERVE

11 (a) There is hereby created the Supplemental District Spending Reserve  
12 within the Education Fund. Any supplemental district spending penalty, as  
13 defined in 32 V.S.A. § 5401(19), paid to the Education Fund as part of the  
14 revenue from the supplemental district spending tax imposed pursuant to 32  
15 V.S.A. § 5402(f) shall be reserved within the Supplemental District Spending  
16 Reserve.

17 (b) In any fiscal year in which the amounts raised through the supplemental  
18 district spending tax imposed pursuant to 32 V.S.A. § 5402(f) are insufficient  
19 to cover payment to each school district of its supplemental district spending  
20 less any offsetting funds, the Supplemental District Spending Reserve shall be

1 used by the Commissioner of Finance and Management to the extent necessary  
2 to offset the deficit as determined by generally accepted accounting principles.

3 (c) Any funds remaining in the Supplemental District Spending Reserve at  
4 the close of the fiscal year after accounting for the process under subsection (b)  
5 of this section shall be deposited into the School Construction Aid Special  
6 Fund established in section 3444 of this title.

7 Sec. 10. AGENCY OF EDUCATION; TRANSPORTATION

8 REIMBURSEMENT GUIDELINES; [passage]

9 On or before December 15, 2025, the Agency of Education shall submit a  
10 written report to the House Committees on Ways and Means and on Education  
11 and the Senate Committees on Finance and on Education on clear and  
12 equitable guidelines for minimum transportation provided and covered by  
13 grant.

14 Sec. 11. REPORT; JOINT FISCAL OFFICE; INFLATIONARY MEASURES

15 [passage]

16 On or before December 15, 2025, the Joint Fiscal Office shall submit a  
17 report to the House Committees on Ways and Means and on Education and the  
18 Senate Committees on Finance and on Education that analyzes the National  
19 Income and Product Accounts (NIPA) implicit price deflator for state and local  
20 government consumption expenditures and gross investment published by the  
21 U.S. Department of Commerce, Bureau of Economic Analysis, and alternative



1 inflationary measures that may be applied to state education funding systems.  
2 As part of the report, the Joint Fiscal Office shall analyze options and provide  
3 considerations for selecting an inflationary measure appropriate to Vermont's  
4 education funding system.

5 \* \* \* Property Classification \* \* \*

6 Sec. 12. 32 V.S.A. § 4152 is amended to read: [July 1, 2027]

7 § 4152. CONTENTS

8 (a) When completed, the grand list of a town shall be in such form as the  
9 Director prescribes and shall contain such information as the Director  
10 prescribes, including:

11 (1) In alphabetical order, the name of each real property owner and each  
12 owner of taxable personal property.

13 (2) The last known mailing address of all such owners.

14 (3) A brief description of each parcel of taxable real estate in the town,  
15 including a classification assigned pursuant to section 4152a of this title.

16 ~~“Parcel”~~ As used in this subdivision, “parcel” means a separate and sellable lot  
17 or piece of real estate. Parcels may be combined to represent all contiguous  
18 land in the same ownership, together with all improvements thereon.

19 \* \* \*

20 Sec. 13. 32 V.S.A. § 4152a is added to read: [July 1, 2027]

21 § 4152a. PROPERTY TAX CLASSIFICATIONS

1        (a) The grand list of a town shall include one assigned tax classification for  
2        each parcel of real estate. A parcel shall be classified using one of the general  
3        classes of real estate listed under subsection (b) of this section and based on the  
4        considerations as set forth in this section and by guidance provided by the  
5        Division of Property Valuation and Review. The listers and assessors shall  
6        annually update the grand list to include a tax classification no later than  
7        March 1 of every year, using information from landlord certificates filed in the  
8        current year for rental activity from the previous year and homestead  
9        declarations filed in the previous year.

10       (b) A parcel shall be assigned one of the following general classes:

11           (1) Residential A;

12           (2) Residential B;

13           (3) Apartment;

14           (4) Affordable Housing;

15           (5) Commercial;

16           (6) Resort;

17           (7) Industrial;

18           (8) Undeveloped; or

19           (9) Public Use.

20       (c) As used in this section:

1           (1) “Affordable Housing” means residential rental units that are subject  
2           to rent restriction under provisions of State or federal law but excluding units  
3           subject to rent restrictions under only one of the following programs: Section  
4           8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236  
5           or Section 515 rural development rental housing. A property shall only be  
6           classified as affordable housing if the Department of Taxes, in consultation  
7           with the Vermont Housing Finance Agency and Department of Housing and  
8           Community Development, finds that on or before January 1 the taxpayer has  
9           presented sufficient information showing that the property qualifies as  
10           affordable housing under this subdivision. A parcel shall be classified as  
11           “Affordable Housing” if it qualifies under this subdivision without regard for  
12           whether it qualifies for a different classification, except that a parcel owned by  
13           the operator of a ski facility and used in relation to the ski facility shall not be  
14           classified as “Affordable Housing” and any property exempt from State  
15           taxation under Vermont law shall instead be classified as “Public Use.”

16           (2) “Apartment” means a parcel with one or more dwelling units, has an  
17           affiliated landlord certificate filed for the current year, without regard for  
18           whether a homestead declaration is filed for a portion of the parcel, and does  
19           not meet the definitions of “Residential A” or “Residential B” due to having a  
20           dwelling unit without an affiliated homestead declaration or landlord  
21           certificate.

1           (3) “Commercial” means a parcel used for business activity that does  
2           not also qualify for classification as “Apartment,” “Residential A,”  
3           “Residential B,” or “Industrial” under this subsection. Parcels with a  
4           “Commercial” classification shall include:

5                   (A) parcels and units used as timeshares;

6                   (B) parcels used for a lodging establishment and licensed under  
7           18 V.S.A. chapter 85, except those qualifying as a “Resort” under subdivision  
8           (8) of this subsection (c);

9                   (C) parcels used for office buildings; and

10                  (D) parcels with property and improvements used primarily in the  
11           business of farming.

12           (4) “Industrial” means a parcel used for the production, fabrication, or  
13           processing of durable and nondurable goods that does not also qualify for  
14           classification as “Apartment,” “Residential A,” or “Residential B” under this  
15           subsection. Parcels with an “Industrial” classification shall include  
16           manufacturing plants, facilities for energy production directly supporting  
17           industrial activities, electric and other utilities, and any property engaged in the  
18           manufacturing process.

19           (5) “Public Use” means a parcel exempt from State taxation under  
20           Vermont law. A parcel shall be classified as “Public Use” if it qualifies under  
21           this subdivision without regard for whether it qualifies for a different

1 classification. As used in this section, “exempt from State taxation” means a  
2 parcel that is fully exempt from State property taxation under Vermont law, but  
3 not including property exempt under subdivision 5401(1)(J) of this title.

4 (6) “Residential A” means a parcel improved with one or more single  
5 family dwelling units and having an equalized value of less than  
6 \$1,000,000.00. A parcel shall be classified as “Residential A” or “Residential  
7 B” if it has any dwelling unit, habitable on a year-round basis, that does not  
8 have an associated homestead declaration or landlord certificate on file,  
9 provided that the Division of Property Valuation and Review may change the  
10 tax classification if the property would be misclassified due to a taxpayer’s  
11 failure to file a homestead declaration.

12 (7) “Residential B” means a parcel improved with one or more single  
13 family dwelling units and having an equalized value of \$1,000,000.00 or more.  
14 A parcel shall be classified as “Residential A” or “Residential B” if it has any  
15 dwelling unit, habitable on a year-round basis, that does not have an associated  
16 homestead declaration or landlord certificate on file, provided that the Division  
17 of Property Valuation and Review may change the tax classification if the  
18 property would be misclassified due to a taxpayer’s failure to file a homestead  
19 declaration.

20 (8) “Resort” means a parcel owned by the operator of a ski facility and  
21 used in relation to the ski facility to provide lodging, recreation, amenities, or

1 food services for employees or guests. A parcel shall be classified as “Resort”  
2 if it qualifies under this subdivision without regard for whether it qualifies for a  
3 different classification.

4 (A) The Division of Property Valuation and Review shall annually  
5 identify the parcels to be classified as “Resort” and inform the listers and  
6 assessors of the designation for the grand lists.

7 (B) A property owner shall provide information to the Director on  
8 request to assist in identifying qualifying parcels under this subdivision (8).

9 (9) “Undeveloped” means an undeveloped parcel and includes wooded  
10 land, shore lots, residential building lots, unimproved commercial lots,  
11 unimproved agricultural land, and parcels with buildings of little or no value,  
12 such as small camps. A parcel shall not be classified as “Undeveloped” if it  
13 meets the requirements for a different classification instead.

14 (d)(1) Condominium units shall be classified individually based the actual  
15 use of the unit.

16 (2) Farm buildings and improvements that are not used for a business  
17 purpose and are associated with residential property shall be classified along  
18 with the residential property as “Residential A,” “Residential B,” or  
19 “Homestead,” as applicable.

1           (3) Nothing in this section shall be construed to alter the tax treatment or  
2           enrollment eligibility of property as it relates to use value appraisal under  
3           chapter 124 of this title.

4           (e) Persons aggrieved by a decision to classify property for taxation  
5           purposes under this section may appeal in the manner provided for property tax  
6           appeals in sections 3420, 3421, and 4221 of this title.

7                           \* \* \* Education Property Tax Rate Formula \* \* \*

8           Sec. 14. 32 V.S.A. § 5401 is amended to read: [July 1, 2027]

9           § 5401. DEFINITIONS

10           As used in this chapter:

11                           \* \* \*

12           ~~(8) “Education spending” means “education spending” as defined in 16~~  
13           ~~V.S.A. § 4001(6). [Repealed.]~~

14                           \* \* \*

15           ~~(12) “Excess spending” means:~~

16           ~~(A) The per pupil spending amount of the district’s education~~  
17           ~~spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be~~  
18           ~~added from a capital construction reserve fund under 24 V.S.A. § 2804(b).~~

19           ~~(B) In excess of 118 percent of the statewide average district per~~  
20           ~~pupil education spending increased by inflation, as determined by the Secretary~~  
21           ~~of Education on or before November 15 of each year based on the passed~~

1 ~~budgets to date. As used in this subdivision, “increased by inflation” means~~  
2 ~~increasing the statewide average district per pupil education spending for fiscal~~  
3 ~~year 2025 by the most recent New England Economic Project cumulative price~~  
4 ~~index, as of November 15, for state and local government purchases of goods~~  
5 ~~and services, from fiscal year 2025 through the fiscal year for which the~~  
6 ~~amount is being determined. [Repealed.]~~

7 (13)(A) ~~“Education property tax spending adjustment” means the~~  
8 ~~greater of one or a fraction in which the numerator is the district’s per pupil~~  
9 ~~education spending plus excess spending for the school year, and the~~  
10 ~~denominator is the property dollar equivalent yield for the school year, as~~  
11 ~~defined in subdivision (15) of this section.~~

12 (B) ~~“Education income tax spending adjustment” means the greater~~  
13 ~~of one or a fraction in which the numerator is the district’s per pupil education~~  
14 ~~spending plus excess spending for the school year, and the denominator is the~~  
15 ~~income dollar equivalent yield for the school year, as defined in subdivision~~  
16 ~~(16) of this section. [Repealed.]~~

17 \* \* \*

18 (15) ~~“Property dollar equivalent yield” means the amount of per pupil~~  
19 ~~education spending that would result if the homestead tax rate were \$1.00 per~~  
20 ~~\$100.00 of equalized education property value and the statutory reserves under~~  
21 ~~16 V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~



1           (16) ~~“Income dollar equivalent yield” means the amount of per pupil~~  
2 ~~education spending that would result if the income percentage in subdivision~~  
3 ~~6066(a)(2) of this title were 2.0 percent and the statutory reserves under 16~~  
4 ~~V.S.A. § 4026 and section 5402b of this title were maintained. [Repealed.]~~

5           (17) ~~“Statewide adjustment” means the ratio of the aggregate education~~  
6 ~~property tax grand list of all municipalities to the aggregate value of the~~  
7 ~~equalized education property tax grand list of all municipalities. [Repealed.]~~

8           (18) “Offsetting funds” means any amounts raised through fundraising  
9 that a school district uses to reduce the spending that the school district  
10 approves in excess of its educational opportunity payment.

11           (19) “Supplemental district spending” means the spending that a school  
12 district approves in excess of its educational opportunity payment, as defined  
13 in 16 V.S.A. § 4001(17), for the fiscal year plus the school district’s offsetting  
14 funds, provided that no school district other than an interstate school district  
15 shall approve spending in excess of 10 percent of the school district’s  
16 educational opportunity payment for the fiscal year.

17           (20) “Supplemental district spending penalty” means the amount of  
18 revenue raised through imposition of the supplemental district spending tax  
19 pursuant to subsection 5402(f) of this chapter that is in excess of the school  
20 district’s supplemental district spending less any offsetting funds.

1           (21) “Supplemental district spending yield” means the amount of  
2           property tax revenue per long-term membership as defined in 16 V.S.A.  
3           § 4001(7) that would be raised in the school district with the lowest taxing  
4           capacity using a supplemental district spending tax rate of \$1.00 per \$100.00  
5           of equalized education property value.

6           (22) “Per pupil supplemental district spending” means the per pupil  
7           amount of supplemental district spending resulting from dividing a school  
8           district’s supplemental district spending by its long-term membership as  
9           defined in 16 V.S.A. § 4001(7).

10           (23) “School district with the lowest taxing capacity” means the school  
11           district other than an interstate school district anticipated to have the lowest  
12           aggregate equalized education property tax grand list of its municipal members  
13           per long-term membership as defined in 16 V.S.A. § 4001(7) in the following  
14           fiscal year.

15           Sec. 15. 32 V.S.A. § 5402 is amended to read: [July 1, 2027]

16           § 5402. EDUCATION PROPERTY TAX LIABILITY

17           (a) A statewide education tax is imposed on all nonhomestead and  
18           homestead property at the following rates:

19           ~~(1) The tax rate for nonhomestead property shall be \$1.59 per \$100.00~~  
20           ~~divided by the statewide adjustment.~~

(2) ~~The tax rate for homestead property shall be \$1.00 multiplied by the education property tax spending adjustment for the municipality per \$100.00 of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality that is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section.~~ a rate sufficient to raise the educational opportunity payment for each school district for the fiscal year, as determined pursuant to 16 V.S.A. § 4010(f), after accounting for the forecasted available revenues. It is the intention of the General Assembly that the statewide education tax rate under this section shall be adopted for each fiscal year by act of the General Assembly. The statewide education tax rate shall be adjusted for homestead property and each general class of nonhomestead property provided under section 4152a of this title as follows:

<u>If the tax classification of the</u>	<u>then the statewide education tax rate</u>
<u>property subject to taxation is:</u>	<u>is multiplied by a factor of:</u>

<u>Homestead</u>	<u>1.0</u>
<u>Nonhomestead, Residential A</u>	<u>1.0</u>
<u>Nonhomestead, Residential B</u>	<u>1.0</u>
<u>Nonhomestead, Apartment</u>	<u>1.0</u>
<u>Nonhomestead, Affordable Housing</u>	<u>1.0</u>
<u>Nonhomestead, Commercial</u>	<u>1.0</u>

1	<u>Nonhomestead, Resort</u>	<u>1.0</u>
2	<u>Nonhomestead, Industrial</u>	<u>1.0</u>
3	<u>Nonhomestead, Undeveloped</u>	<u>1.0</u>
4	<u>Nonhomestead, Public Use</u>	<u>1.0</u>

5 (b) The statewide education tax shall be calculated as follows:

6 (1) The Commissioner of Taxes shall determine for each municipality  
7 the education tax rates under subsection (a) of this section divided by the  
8 ~~number resulting from dividing the~~ municipality's most recent common level  
9 of appraisal ~~by the statewide adjustment~~. The legislative body in each  
10 municipality shall then bill each property taxpayer at the ~~homestead or~~  
11 ~~nonhomestead~~ applicable rate determined by the Commissioner under this  
12 subdivision, multiplied by the education property tax grand list value of the  
13 property, properly classified as homestead or nonhomestead property and  
14 without regard to any other tax classification of the property not authorized  
15 under this chapter. Statewide education property tax bills shall show the tax  
16 due and the calculation of the rate determined under subsection (a) of this  
17 section, divided by ~~the number resulting from dividing~~ the municipality's most  
18 recent common level of appraisal ~~by the statewide adjustment~~, multiplied by  
19 the current grand list value of the property to be taxed. Statewide education  
20 property tax bills shall also include language provided by the Commissioner  
21 pursuant to subsection 5405(g) of this title.

1           (2) Taxes assessed under this section shall be assessed and collected in  
2           the same manner as taxes assessed under chapter 133 of this title with no tax  
3           classification other than ~~as homestead or nonhomestead property~~ those  
4           required by this section; provided, however, that the tax levied under this  
5           chapter shall be billed to each taxpayer by the municipality in a manner that  
6           clearly indicates the tax is separate from any other tax assessed and collected  
7           under chapter 133, including an itemization of the separate taxes due. The bill  
8           may be on a single sheet of paper with the statewide education tax and other  
9           taxes presented separately and side by side.

10           (3) ~~If a district has not voted a budget by June 30, an interim homestead~~  
11           ~~education tax shall be imposed at the base rate determined under subdivision~~  
12           ~~(a)(2) of this section, divided by the number resulting from dividing the~~  
13           ~~municipality's most recent common level of appraisal by the statewide~~  
14           ~~adjustment, but without regard to any spending adjustment under subdivision~~  
15           ~~5401(13) of this title. Within 30 days after a budget is adopted and the~~  
16           ~~deadline for reconsideration has passed, the Commissioner shall determine the~~  
17           ~~municipality's homestead tax rate as required under subdivision (1) of this~~  
18           ~~subsection. [Repealed.]~~

19           (c)(1) The treasurer of each municipality shall by December 1 of the year in  
20           which the tax is levied and on June 1 of the following year pay to the State  
21           Treasurer for deposit in the Education Fund one-half of the municipality's

1 statewide ~~nonhomestead tax and one-half of the municipality's homestead~~  
2 education tax, as determined under subdivision (b)(1) of this section.

3 (2) The ~~Secretary of Education~~ Commissioner of Taxes shall determine  
4 each municipality's net ~~nonhomestead~~ education tax payment ~~and its net~~  
5 ~~homestead education tax payment~~ to the State based on grand list information  
6 received by the ~~Secretary~~ Commissioner not later than the March 15 prior to  
7 the June 1 net payment. Payment shall be accompanied by a return prescribed  
8 by the ~~Secretary of Education~~ Commissioner of Taxes. Each municipality may  
9 retain 0.225 of one percent of the total education tax collected, only upon  
10 timely remittance of net payment to the State Treasurer or to the applicable  
11 school district or districts. ~~Each municipality may also retain \$15.00 for each~~  
12 ~~late property tax credit claim filed after April 15 and before September 2, as~~  
13 ~~notified by the Department of Taxes, for the cost of issuing a new property tax~~  
14 ~~bill.~~

15 (d) [Repealed.]

16 (e) ~~The Commissioner of Taxes shall determine a homestead education tax~~  
17 ~~rate for each municipality that is a member of a union or unified union school~~  
18 ~~district as follows:~~

19 ~~(1) For a municipality that is a member of a unified union school~~  
20 ~~district, use the base rate determined under subdivision (a)(2) of this section~~

1 ~~and a spending adjustment under subdivision 5401(13) of this title based upon~~  
2 ~~the per pupil education spending of the unified union.~~

3 ~~(2) For a municipality that is a member of a union school district:~~

4 ~~(A) Determine the municipal district homestead tax rate using the~~  
5 ~~base rate determined under subdivision (a)(2) of this section and a spending~~  
6 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
7 ~~education spending in the municipality who attends a school other than the~~  
8 ~~union school.~~

9 ~~(B) Determine the union district homestead tax rate using the base~~  
10 ~~rate determined under subdivision (a)(2) of this section and a spending~~  
11 ~~adjustment under subdivision 5401(13) of this title based on the per pupil~~  
12 ~~education spending of the union school district.~~

13 ~~(C) Determine a combined homestead tax rate by calculating the~~  
14 ~~weighted average of the rates determined under subdivisions (A) and (B) of~~  
15 ~~this subdivision (2), with weighting based upon the ratio of union school long-~~  
16 ~~term membership, as defined in 16 V.S.A. § 4001(7), from the member~~  
17 ~~municipality to total long term membership of the member municipality; and~~  
18 ~~the ratio of long term membership attending a school other than the union~~  
19 ~~school to total long term membership of the member municipality. Total long-~~  
20 ~~term membership of the member municipality is based on the number of pupils~~  
21 ~~who are legal residents of the municipality and attending school at public~~

1 ~~expense. If necessary, the Commissioner may adopt a rule to clarify and~~  
2 ~~facilitate implementation of this subsection (e).~~ [Repealed.]

3 (f)(1) A supplemental district spending tax is imposed on all homestead  
4 and nonhomestead property in each member municipality of a school district  
5 that approves spending pursuant to a budget presented to the voters of a school  
6 district under 16 V.S.A. § 563. The Commissioner of Taxes shall determine  
7 the supplemental district spending tax rate for each school district by dividing  
8 the school district's per pupil supplemental district spending as certified by the  
9 Secretary of Education by the supplemental district spending yield. The  
10 legislative body in each member municipality shall then bill each property  
11 taxpayer at the rate determined by the Commissioner under this subsection,  
12 divided by the municipality's most recent common level of appraisal and  
13 multiplied by the current grand list value of the property to be taxed. The bill  
14 shall show the tax due and the calculation of the rate.

15 (2) The supplemental district spending tax assessed under this  
16 subsection shall be assessed and collected in the same manner as taxes  
17 assessed under chapter 133 of this title with no tax classification other than as  
18 homestead or nonhomestead property; provided, however, that the tax levied  
19 under this chapter shall be billed to each taxpayer by the municipality in a  
20 manner that clearly indicates the tax is separate from any other tax assessed  
21 and collected under chapter 133 and the statewide education property tax under



1 this section, including an itemization of the separate taxes due. The bill may  
2 be on a single sheet of paper with the supplemental district spending tax, the  
3 statewide education tax, and other taxes presented separately and side by side.

4 (3) The treasurer of each municipality shall on or before December 1 of  
5 the year in which the tax is levied and on or before June 1 of the following year  
6 pay to the State Treasurer for deposit in the Education Fund one-half of the  
7 municipality's supplemental district spending tax, as determined under  
8 subdivision (1) of this subsection.

9 (4) The Commissioner of Taxes shall determine each municipality's net  
10 supplemental district spending tax payment to the State based on grand list  
11 information received by the Commissioner not later than the March 15 prior to  
12 the June 1 net payment. Payment shall be accompanied by a return prescribed  
13 by the Commissioner of Taxes. Each municipality may retain 0.225 of one  
14 percent of the total supplemental district spending tax collected, only upon  
15 timely remittance of net payment to the State Treasurer or to the applicable  
16 school district.

1 Sec. 16. 32 V.S.A. § 5402b is amended to read: [July 1, 2027]

2 § 5402b. STATEWIDE EDUCATION TAX ~~YIELDS~~ RATE;

3 SUPPLEMENTAL DISTRICT SPENDING YIELD;

4 RECOMMENDATION OF THE COMMISSIONER

5 (a) Annually, not later than December 1, the Commissioner of Taxes, after  
6 consultation with the Secretary of Education, the Secretary of Administration,  
7 and the Joint Fiscal Office, shall calculate and recommend ~~a property dollar~~  
8 ~~equivalent yield, an income dollar equivalent yield, and a nonhomestead~~  
9 ~~property tax rate~~ the statewide education property tax rate pursuant to  
10 subsection 5402(a) of this chapter and the supplemental district spending yield  
11 for the following fiscal year. In making these calculations, the Commissioner  
12 shall assume: the statutory reserves are maintained at five percent pursuant to  
13 16 V.S.A. § 4026 and the amounts in the Supplemental District Spending  
14 Reserve are unavailable for any purpose other than that specified in 16 V.S.A.  
15 § 4032(b)

16 ~~(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is~~  
17 ~~\$1.00 per \$100.00 of equalized education property value;~~

18 ~~(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;~~

19 ~~(3) the statutory reserves under 16 V.S.A. § 4026 and this section were~~  
20 ~~maintained at five percent;~~

(4) the percentage change in the average education tax bill applied to nonhomestead property and the percentage change in the average education tax bill of homestead property and the percentage change in the average education tax bill for taxpayers who claim a credit under subsection 6066(a) of this title are equal;

~~(5) the equalized education grand list is multiplied by the statewide adjustment in calculating the property dollar equivalent yield; and~~

~~(6) the nonhomestead rate is divided by the statewide adjustment.~~

(b) For each fiscal year, the ~~property dollar equivalent~~ supplemental district spending yield ~~and the income dollar equivalent yield~~ shall be the same as in the prior fiscal year, unless set otherwise by the General Assembly.

\* \* \*

(d) Along with the recommendations made under this section, the Commissioner shall include:

(1) the base amount as defined in 16 V.S.A. § 4001(16);

(2) for each school district, the estimated long-term membership,  
weighted long-term membership, and aggregate equalized education property  
tax grand list of its municipal members;

(3) for each school district, the estimated aggregate equalized education property tax grand list of its municipal members per long-term membership;

(4) the estimated school district with the lowest taxing capacity; and

\* \* \*

Sec. 17. 32 V.S.A. § 5404a(b)(1) is amended to read: [July 1, 2027]

Sec. 18. 32 V.S.A. § 5405(g) is amended to read: [July 1, 2027]

VT LEG #381957 v.9

property tax bills an explanation of the common level of appraisal, including its origin and purpose.

\* \* \* Statewide Property Tax Credit Repeal; Homestead Exemption

Created; Other Exemptions \* \* \*

Sec. 19. 32 V.S.A. § 5400 is amended to read: [July 1, 2027]

§ 5400. STATUTORY PURPOSES

\* \* \*

(c) The statutory purpose of the exemption for qualified housing in subdivision 5404a(a)(6) of this title is to ensure that taxes on this rent-restricted housing provided to Vermonters of low and moderate income are more equivalent to property taxed ~~using the State as a homestead rate property~~ and to adjust the costs of investment in rent-restricted housing to reflect more accurately the revenue potential of such property.

\* \* \*

~~(i) The statutory purpose of subdivision 5401(10)(D) of this title is to support Vermont's ski industry and to encourage personal property investments and improvements at ski resorts. [Repealed.]~~

(j) The statutory purpose of the homestead property tax exemption in subdivision 6066(a)(1) of this title is to reduce the property tax liability for Vermont households with low and moderate household income.

1 Sec. 20. 32 V.S.A. § 5401(10) is amended to read: [July 1, 2027]

2 (10) “Nonhomestead property” means all property except:

3 \* \* \*

4 (D) Personal property, machinery, inventory, and equipment, ~~ski lifts,~~  
5 ~~and snow making equipment for a ski area;~~ provided, however, this  
6 subdivision (10) shall not exclude from the definition of “nonhomestead  
7 property” the following real or personal property:

8 \* \* \*

9 Sec. 21. 32 V.S.A. chapter 154 is amended to read: [July 1, 2027]

10 CHAPTER 154. HOMESTEAD PROPERTY TAX EXEMPTION,

11 MUNICIPAL PROPERTY TAX CREDIT, AND RENTER CREDIT

12 § 6061. DEFINITIONS

13 As used in this chapter ~~unless the context requires otherwise:~~

14 (1) “~~Property~~ Municipal property tax credit” means a credit of the prior  
15 tax year’s ~~statewide or municipal property tax liability or a homestead owner~~  
16 ~~credit,~~ as authorized under ~~section~~ subdivision 6066(a)(2) of this title, ~~as the~~  
17 ~~context requires~~ chapter.

18 \* \* \*

19 (8) “~~Annual tax levy~~” ~~means the property taxes levied on property~~  
20 ~~taxable on April 1 and without regard to the year in which those taxes are due~~  
21 ~~or paid.~~ [Repealed.]

1           (9) “Taxable year” means the calendar year preceding the year in which  
2 the claim is filed.

3           (10) [Repealed.]

4           (11) “Housesite” means that portion of a homestead, as defined under  
5 subdivision 5401(7) of this title but not under subdivision 5401(7)(G) of this  
6 title, that includes as much of the land owned by the claimant surrounding the  
7 dwelling as is reasonably necessary for use of the dwelling as a home, but in  
8 no event more than two acres per dwelling unit, and, in the case of multiple  
9 dwelling units, not more than two acres per dwelling unit up to a maximum of  
10 10 acres per parcel.

11           (12) “Claim year” means the year in which a claim is filed under this  
12 chapter.

13           (13) “Homestead” means a homestead as defined under subdivision  
14 5401(7) of this title, but not under subdivision 5401(7)(G) of this title, and  
15 declared on or before October 15 in accordance with section 5410 of this title.

16           (14) ~~“Statewide education tax rate” means the homestead education~~  
17 ~~property tax rate multiplied by the municipality’s education spending~~  
18 ~~adjustment under subdivision 5402(a)(2) of this title and used to calculate taxes~~  
19 ~~assessed in the municipal fiscal year that began in the taxable year. [Repealed.]~~

20                           \* \* \*





1 (b) In case of sale or transfer of a residence; after April 1 of the claim year:

2 (1) any municipal property tax credit ~~amounts~~ amount related to that  
3 residence shall be allocated to the ~~seller~~ transferor at closing unless the parties  
4 otherwise agree;

5 (2) any homestead property tax exemption related to that residence  
6 based on the transferor's age and household income under subdivision  
7 6066(a)(1) of this chapter shall cease to be in effect upon transfer; and

8 (3) a transferee who is eligible to declare the residence as a homestead  
9 but for the requirement to own the residence on April 1 of the claim year shall,  
10 notwithstanding subdivision 5401(7) and subsection 5410(b) of this title, be  
11 eligible to apply for a homestead property tax exemption in the claim year  
12 when the transfer occurs by filing with the Commissioner of Taxes a  
13 homestead declaration pursuant to section 5410 of this title and a claim for  
14 exemption on or before the due date prescribed under section 6068 of this  
15 chapter.

16 \* \* \*

17 § 6065. FORMS; TABLES; NOTICES

18 (a) In administering this chapter, the Commissioner shall provide suitable  
19 claim forms with tables of allowable claims, instructions, and worksheets for  
20 claiming a homestead property tax exemption and municipal property tax  
21 credit.

1 (b) Prior to June 1, the Commissioner shall also prepare and supply to each  
2 town in the State notices describing the homestead property tax exemption and  
3 municipal property tax credit for inclusion in property tax bills. The notice  
4 shall be in simple, plain language and shall explain how to file for a homestead  
5 property tax exemption and a municipal property tax credit, where to find  
6 assistance filing for a credit or an exemption, or both, and any other related  
7 information as determined by the Commissioner. The notice shall direct  
8 taxpayers to a resource where they can find versions of the notice translated  
9 into the five most common non-English languages in the State. A town shall  
10 include such notice in each tax bill and notice of delinquent taxes that it mails  
11 to taxpayers who own in that town a residential property, without regard for  
12 whether the property was declared a homestead pursuant to subdivision  
13 5401(7) of this title.

14 (c) Notwithstanding the provisions of subsection (b) of this section, towns  
15 that use envelopes or mailers not able to accommodate notices describing the  
16 homestead property tax exemption and municipal property tax credit may  
17 distribute such notices in an alternative manner.

§ 6066. COMPUTATION OF HOMESTEAD PROPERTY TAX  
EXEMPTION, MUNICIPAL PROPERTY TAX CREDIT, AND  
RENTER CREDIT

(a) ~~An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to a credit for the prior year's homestead property tax liability amount determined as follows:~~

~~(1)(A) For a claimant with household income of \$90,000.00 or more:~~

~~(i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;~~

~~(ii) minus (if less) the sum of:~~

~~(I) the income percentage of household income for the taxable year; plus~~

~~(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$225,000.00.~~

~~(B) For a claimant with household income of less than \$90,000.00 but more than \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus (if less) the sum of:~~

~~(i) the income percentage of household income for the taxable year; plus~~

~~(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$400,000.00.~~

1           ~~(C) For a claimant whose household income does not exceed~~  
2           ~~\$47,000.00, the statewide education tax rate, multiplied by the equalized value~~  
3           ~~of the housesite in the taxable year, minus the lesser of:~~

4                     ~~(i) the sum of the income percentage of household income for the~~  
5                     ~~taxable year plus the statewide education tax rate, multiplied by the equalized~~  
6                     ~~value of the housesite in the taxable year in excess of \$400,000.00; or~~

7                     ~~(ii) the statewide education tax rate, multiplied by the equalized~~  
8                     ~~value of the housesite in the taxable year reduced by \$15,000.00.~~

9           ~~(2) “Income percentage” in this section means two percent, multiplied by~~  
10           ~~the education income tax spending adjustment under subdivision 5401(13)(B)~~  
11           ~~of this title for the property tax year that begins in the claim year for the~~  
12           ~~municipality in which the homestead residence is located~~

13           (1) An eligible claimant who owned the homestead on April 1 of the  
14           claim year shall be entitled to a homestead property tax exemption in the claim  
15           year in an amount determined as follows:

16                     (A) for a claimant whose household income is equal to or less than  
17                     \$25,000.00, the exemption shall be 95 percent of the claimant’s housesite  
18                     value;

19                     (B) for a claimant whose household income is greater than  
20                     \$25,000.00 but equal to or less than \$47,000.00, the exemption shall be 90  
21                     percent of the claimant’s housesite value;

1           (C) for a claimant whose household income is greater than  
2           \$47,000.00 but equal to or less than \$50,000.00, the exemption shall be 80  
3           percent of the claimant's housesite value;

4           (D) for a claimant whose household income is greater than  
5           \$50,000.00 but equal to or less than \$60,000.00, the exemption shall be 70  
6           percent of the claimant's housesite value;

7           (E) for a claimant whose household income is greater than  
8           \$60,000.00 but equal to or less than \$70,000.00, the exemption shall be 60  
9           percent of the claimant's housesite value;

10           (F) for a claimant whose household income is greater than  
11           \$70,000.00 but equal to or less than \$80,000.00, the exemption shall be 50  
12           percent of the claimant's housesite value;

13           (G) for a claimant whose household income is greater than  
14           \$80,000.00 but equal to or less than \$90,000.00, the exemption shall be 40  
15           percent of the claimant's housesite value;

16           (H) for a claimant whose household income is greater than  
17           \$90,000.00 but equal to or less than \$100,000.00, the exemption shall be 30  
18           percent of the claimant's housesite value;

19           (I) for a claimant whose household income is greater than  
20           \$100,000.00 but equal to or less than \$110,000.00, the exemption shall be 20  
21           percent of the claimant's housesite value;

1           (J) for a claimant whose household income is greater than  
2           \$110,000.00 but equal to or less than \$115,000.00, the exemption shall be 10  
3           percent of the claimant's housesite value; and

4           (K) for a claimant whose household income is greater than  
5           \$115,000.00, no amount of housesite value shall be exempt under this section.

6           ~~(3)(2)~~ A An eligible claimant who owned the homestead on April 1 of  
7           the claim year and whose household income does not exceed \$47,000.00 shall  
8           also be entitled to ~~an additional~~ a credit amount ~~from~~ against the claimant's  
9           municipal taxes for the upcoming fiscal year that is equal to the amount by  
10          which the municipal property taxes for the municipal fiscal year that began in  
11          the taxable year upon the claimant's housesite exceeds a percentage of the  
12          claimant's household income for the taxable year as follows:

If household income (rounded	then the taxpayer is entitled to
to the nearest dollar) is:	credit for the
	reduced property tax in excess of
	this percent
	of that income:

\$0.00 — 9,999.00	1.50
-------------------	------

\$10,000.00 — 47,000.00	3.00
-------------------------	------

20          ~~(4) A claimant whose household income does not exceed \$47,000.00~~  
21          ~~shall also be entitled to an additional credit amount from the claimant's~~

1 statewide education tax for the upcoming fiscal year that is equal to the amount  
2 by which the education property tax for the municipal fiscal year that began in  
3 the taxable year upon the claimant's housesite, reduced by the credit amount  
4 determined under subdivisions (1) and (2) of this subsection, exceeds a  
5 percentage of the claimant's household income for the taxable year as follows:

6	If household income (rounded	then the taxpayer is entitled to
7	to the nearest dollar) is:	credit for the reduced property tax
8		in excess of this percent of that
9		income:

10	\$0.00—9,999.00	0.5
----	-----------------	-----

11	\$10,000.00—24,999.00	1.5
----	-----------------------	-----

12	\$25,000.00—47,000.00	2.0
----	-----------------------	-----

13 ~~(5)~~(3) In no event shall the homestead property tax exemption provided  
14 for in subdivision (1) of this subsection reduce the housesite value below zero.

15 In no event shall the municipal property tax credit provided for in subdivision  
16 ~~(3) or (4)~~ (2) of this subsection exceed the amount of the reduced municipal  
17 property tax. ~~The credits under subdivision (4) of this subsection shall be~~  
18 ~~calculated considering only the tax due on the first \$400,000.00 in equalized~~  
19 ~~housesite value.~~

1 (b)(1) An eligible claimant who rented the homestead shall be entitled to a  
2 credit for the taxable year in an amount not to exceed \$2,500.00, to be  
3 calculated as follows:

4 \* \* \*

5 (c) To be eligible for an ~~adjustment~~ exemption or credit under this chapter,  
6 the claimant:

- 7 (1) must have been domiciled in this State during the entire taxable year;  
8 (2) may not be a person claimed as a dependent by any taxpayer under  
9 the federal Internal Revenue Code during the taxable year; and  
10 (3) in the case of a renter, shall have rented property for at least six  
11 calendar months, which need not be consecutive, during the taxable year.

12 (d) The owner of a mobile home that is sited on a lot not owned by the  
13 homeowner may include an amount determined under subdivision 6061(7) of  
14 this title as allocable rent paid on the lot with the amount of property taxes paid  
15 by the homeowner on the home for the purpose of computation of ~~credits~~ the  
16 municipal property tax credit under subdivision (a)~~(3)~~(2) of this section, unless  
17 the homeowner has included in the claim an amount of property tax on  
18 common land under the provisions of subsection (e) of this section.

19 (e) Property taxes paid by a cooperative, not including a mobile home park  
20 cooperative, allocable to property used as a homestead shall be attributable to  
21 the co-op member for the purpose of computing the ~~credit~~ of property tax



1 liability of the co-op member under this section. Property owned by a  
2 cooperative declared as a homestead may only include the homestead and a pro  
3 rata share of any common land owned or leased by the cooperative, not to  
4 exceed the two-acre housesite limitation. The share of the cooperative's  
5 assessed value attributable to the housesite shall be determined by the  
6 cooperative and specified annually in a notice to the co-op member. Property  
7 taxes paid by a mobile home park cooperative, allocable to property used as a  
8 housesite, shall be attributed to the owner of the housesite for the purpose of  
9 computing the ~~credit of~~ property tax liability of the housesite owner under this  
10 section. Property owned by the mobile home park cooperative and declared as  
11 a housesite may only include common property of the cooperative contiguous  
12 with at least one mobile home lot in the park, not to exceed the two-acre  
13 housesite limitation. The share attributable to any mobile home lot shall be  
14 determined by the cooperative and specified in the cooperative agreement. A  
15 co-op member who is the housesite owner shall be entitled to a property tax  
16 credit in an amount determined by multiplying the property taxes allocated  
17 under this subsection by the percentage of the exemption for which the  
18 housesite owner's household income qualifies under subdivision (a)(1) of this  
19 section.

20 (f) [Repealed.]

1 (g) Notwithstanding subsection (d) of this section, if the land surrounding a  
2 homestead is owned by a nonprofit corporation or community land trust with  
3 tax exempt status under 26 U.S.C. § 501(c)(3), the homeowner may include an  
4 allocated amount as property tax paid on the land with the amount of property  
5 taxes paid by the homeowner on the home for the purposes of computation of  
6 ~~the credit~~ property tax liability under this section. The allocated amount shall  
7 be determined by the nonprofit corporation or community land trust on a  
8 proportional basis. The nonprofit corporation or community land trust shall  
9 provide to that homeowner, by January 31, a certificate specifying the  
10 allocated amount. The certificate shall indicate the proportion of total property  
11 tax on the parcel that was assessed for municipal property tax and for statewide  
12 property tax and the proportion of total value of the parcel. A homeowner  
13 under this subsection shall be entitled to a property tax credit in an amount  
14 determined by multiplying the property taxes allocated under this subsection  
15 by the percentage of the exemption for which the homeowner's household  
16 income qualifies under subdivision (a)(1) of this section.

17 (h) A homestead owner shall be entitled to an additional property tax credit  
18 amount equal to one percent of the amount of income tax refund that the  
19 claimant elects to allocate to payment of ~~homestead~~ statewide education  
20 property tax under section 6068 of this title.

1       (i) ~~Adjustments~~ The homestead property tax exemption and the municipal  
2       property tax credit under subsection (a) of this section shall be calculated  
3       without regard to any exemption under subdivision 3802(11) of this title.

4       § 6066a. DETERMINATION OF HOMESTEAD PROPERTY TAX

5               EXEMPTION AND MUNICIPAL PROPERTY TAX CREDIT

6       (a) Annually, the Commissioner shall determine the homestead property  
7       tax exemption and the municipal property tax credit amount under section  
8       6066 of this title, related to a homestead owned by the claimant, based on the  
9       prior taxable year's income and for the municipal property tax credit, crediting  
10      property taxes paid in the prior year, and for the homestead property tax  
11      exemption, exempting the housesite value in the claim year. The  
12      Commissioner shall notify the municipality in which the housesite is located of  
13      the amount of the homestead property tax exemption and municipal property  
14      tax credit for the claimant for ~~homestead~~ property tax liabilities on a monthly  
15      basis. The municipal property tax credit of a claimant who was assessed  
16      property tax by a town that revised the dates of its fiscal year, however, is the  
17      excess of the property tax that was assessed in the last 12 months of the revised  
18      fiscal year, over the adjusted property tax of the claimant for the revised fiscal  
19      year, as determined under section 6066 of this title, related to a homestead  
20      owned by the claimant.

1 (b) The Commissioner shall include in the total homestead property tax  
2 exemption and municipal property tax credit amount determined under  
3 subsection (a) of this section, for credit to the taxpayer for ~~homestead~~ statewide  
4 education property tax and supplemental district spending tax liabilities, any  
5 income tax overpayment remaining after allocation under section 3112 of this  
6 title and setoff under section 5934 of this title, which the taxpayer has directed  
7 to be used for payment of property taxes.

8 (c) The Commissioner shall notify the municipality of any claim and  
9 refund amounts unresolved by November 1 at the time of final resolution,  
10 including adjudication, if any; provided, however, that towns will not be  
11 notified of any additional credit amounts after November 1 of the claim year,  
12 and such amounts shall be paid to the claimant by the Commissioner.

13 (d) [Repealed.]

14 (e) At the time of notice to the municipality, the Commissioner shall notify  
15 the taxpayer of the homestead property tax ~~credit exemption~~ amount  
16 determined under subdivision 6066(a)(1) of this title, ~~the amount determined~~  
17 ~~under subdivision 6066(a)(3) of this title;~~ any additional municipal property  
18 credit ~~amounts~~ amount due the homestead owner under ~~section~~ subdivision  
19 6066(a)(2) of this title; the amount of income tax refund, if any, allocated to  
20 payment of ~~homestead~~ statewide education property tax liabilities; and any  
21 late-claim reduction amount.

1           (f)(1) For taxpayers and amounts stated in the notice to towns on or before  
2           July 1, municipalities shall create and send to taxpayers a ~~homestead~~ property  
3           tax bill, instead of the bill required under subdivision 5402(b)(1) of this title,  
4           providing the total amount allocated to payment of ~~homestead~~ statewide  
5           education property tax liabilities and notice of the balance due. Municipalities  
6           shall apply the amount of the homestead property tax exemption allocated  
7           under this chapter to current year property taxes in equal amounts to each of  
8           the taxpayers' property tax installments that include education taxes and the  
9           amount of the municipal property tax credit allocated under this chapter to  
10          current year municipal property taxes in equal amounts to each of the  
11          taxpayers' property tax installments that include municipal taxes.

12          Notwithstanding section 4772 of this title, if a town issues a corrected bill as a  
13          result of the notice sent by the Commissioner under subsection (a) of this  
14          section, issuance of the corrected new bill does not extend the time for  
15          payment of the original bill nor relieve the taxpayer of any interest or penalties  
16          associated with the original bill. If the corrected bill is less than the original  
17          bill, and there are also no unpaid current year taxes, interest, or penalties, and  
18          no past year delinquent taxes or penalties and interest charges, any  
19          overpayment shall be reflected on the corrected tax bill and refunded to the  
20          taxpayer.

1           (2) For homestead property tax exemption and municipal property tax  
2           credit amounts for which municipalities receive notice after November 1,  
3           municipalities shall issue a new ~~homestead~~ property tax bill with notice to the  
4           taxpayer of the total amount allocated to payment of ~~homestead~~ property tax  
5           liabilities and notice of the balance due.

6           (3) The homestead property tax exemption and municipal property tax  
7           credit amount determined for the taxpayer shall be allocated first to current  
8           year housesite value and property tax on the homestead parcel, next to current-  
9           year homestead parcel penalties and interest, next to any prior year homestead  
10          parcel penalties and interest, and last to any prior year housesite value and  
11          property tax on the homestead parcel. No homestead property tax exemption  
12          or municipal credit shall be allocated to a housesite value or property tax  
13          liability for any year after the year for which the claim or refund allocation was  
14          filed. No municipal tax-reduction incentive for early payment of taxes shall  
15          apply to any amount allocated to the property tax bill under this chapter.

16          (4) If the homestead property tax exemption or the municipal property  
17          tax credit amount as described in subsection (e) of this section exceeds the  
18          property tax, penalties, and interest due for the current and all prior years, the  
19          municipality shall refund the excess to the taxpayer, without interest, within 20  
20          days of the first date upon which taxes become due and payable or 20 days

1 after notification of the exemption or credit amount by the Commissioner of  
2 Taxes, whichever is later.

3 (g) The Commissioner of Taxes shall pay monthly to each municipality the  
4 amount of municipal property tax credit of which the municipality was last  
5 notified related to municipal property tax on homesteads within that  
6 municipality, as determined by the Commissioner of Taxes.

7 § 6067. ~~CREDIT CLAIM~~ LIMITATIONS

8 (a) Claimant. Only one individual per household per taxable year shall be  
9 entitled to a homestead exemption claim or property tax credit claim, or both,  
10 under this chapter.

11 (b) Other states. An individual who received a homestead exemption or  
12 credit with respect to property taxes assessed by another state for the taxable  
13 year shall not be entitled to receive a credit under this chapter.

14 (c) Dollar amount. No ~~taxpayer claimant~~ shall receive a renter credit under  
15 subsection 6066(b) of this title in excess of \$2,500.00. No ~~taxpayer claimant~~  
16 shall receive a municipal property tax credit under subdivision 6066(a)(3)(2) of  
17 this title greater than \$2,400.00 ~~or cumulative credit under subdivisions~~  
18 ~~6066(a)(1) (2) and (4) of this title greater than \$5,600.00.~~

19 § 6068. APPLICATION AND TIME FOR FILING

20 (a) A homestead property tax exemption or municipal property tax credit  
21 claim or request for allocation of an income tax refund to ~~homestead~~ statewide

1 education property tax payment shall be filed with the Commissioner on or  
2 before the due date for filing the Vermont income tax return, without  
3 extension, and shall describe the school district in which the homestead  
4 property is located and shall particularly describe the homestead property for  
5 which the exemption or credit or allocation is sought, including the school  
6 parcel account number prescribed in subsection 5404(b) of this title. A renter  
7 credit claim shall be filed with the Commissioner on or before the due date for  
8 filing the Vermont income tax return, without extension.

9 (b)(1) If ~~the~~ a claimant files a municipal property tax credit claim after  
10 October 15 but on or before March 15 of the following calendar year, the  
11 municipal property tax credit under this chapter:

12 ~~(1)(A)~~ shall be reduced in amount by \$150.00, but not below \$0.00;  
13 ~~(2)(B)~~ shall be issued directly to the claimant; and  
14 ~~(3)(C)~~ shall not require the municipality where the claimant's property  
15 is located to issue an adjusted ~~homestead~~ property tax bill.

16 (2) If a claimant files a homestead property tax exemption claim under  
17 this chapter after October 15 but on or before March 15 of the following  
18 calendar year, the claimant shall pay a penalty of \$150.00 and the municipality  
19 where the claimant's property is located shall not be required to issue an  
20 adjusted property tax bill.



1 (c) No request for allocation of an income tax refund or for a renter credit  
2 claim may be made after October 15. No homestead property tax exemption or  
3 municipal property tax credit claim may be made after March 15 of the  
4 calendar year following the due date under subsection (a) of this section.

5 \* \* \*

6 § 6070. DISALLOWED CLAIMS

7 A claim shall be disallowed if the claimant received title to ~~his or her~~ the  
8 claimant's homestead primarily for the purpose of receiving benefits under this  
9 chapter.

10 § 6071. EXCESSIVE AND FRAUDULENT CLAIMS

11 (a) In any case in which it is determined under the provisions of this title  
12 that a claim is or was excessive and was filed with fraudulent intent, the claim  
13 shall be disallowed in full and the Commissioner may impose a penalty equal  
14 to the amount claimed. A disallowed claim may be recovered by assessment  
15 as income taxes are assessed. The assessment, including assessment of  
16 penalty, shall bear interest from the date the claim was credited against  
17 property tax or income tax or paid by the State until repaid by the claimant at  
18 the rate per annum established from time to time by the Commissioner  
19 pursuant to section 3108 of this title. The claimant in that case, and any person  
20 who assisted in the preparation of filing of such excessive claim or supplied  
21 information upon which the excessive claim was prepared, with fraudulent

1 intent, shall be fined not more than \$1,000.00 or be imprisoned not more than  
2 one year, or both.

3 (b) In any case in which it is determined that a claim is or was excessive,  
4 the Commissioner may impose a 10 percent penalty on such excess, and if the  
5 claim has been paid or credited against property tax or income tax otherwise  
6 payable, the municipal property tax credit or homestead exemption shall be  
7 reduced or canceled and the proper portion of any amount paid shall be  
8 similarly recovered by assessment as income taxes are assessed, and such  
9 assessment shall bear interest at the rate per annum established from time to  
10 time by the Commissioner pursuant to section 3108 of this title from the date  
11 of payment or, in the case of credit of a municipal property tax bill under  
12 section 6066a of this title, from December 1 of the year in which the claim is  
13 filed until refunded or paid.

14 \* \* \*

15 § 6073. ~~REGULATIONS~~ RULES OF THE COMMISSIONER

16 The Commissioner may, from time to time, ~~issue~~ adopt, amend, and  
17 withdraw ~~regulations~~ rules interpreting and implementing this chapter.

18 § 6074. AMENDMENT OF CERTAIN CLAIMS

19 At any time within three years after the date for filing claims under  
20 subsection 6068(a) of this chapter, a claimant who filed a claim by October 15  
21 may file to amend that claim with regard to housesite value, ~~housesite~~

1 ~~education tax~~, housesite municipal tax, and ownership percentage or to correct  
2 the amount of household income reported on that claim.

3 Sec. 22. DEPARTMENT OF TAXES; HOMESTEAD DECLARATION;

4 SAMPLE FORM; [passage]

5 On or before January 15, 2026, the Department of Taxes shall provide to the  
6 House Committee on Ways and Means and the Senate Committee on Finance  
7 suggestions for updating the homestead declaration under 32 V.S.A. § 5410 to  
8 address the implementation of the homestead exemption under section 19 of  
9 this act, which may be provided as a sample form.

10 \* \* \* Conforming Revisions; Property Tax Credit Repeal \* \* \*

11 Sec. 23. 11 V.S.A. § 1608 is amended to read: [July 1, 2027]

12 § 1608. ELIGIBILITY FOR PROPERTY TAX RELIEF

13 Members of cooperative housing corporations shall be eligible to apply for  
14 and receive a homestead property tax ~~adjustment~~ exemption and municipal  
15 property tax credit under 32 V.S.A. § 6066, subject to the conditions of  
16 eligibility set forth therein.

17 Sec. 24. 32 V.S.A. § 3102(j) is amended to read: [July 1, 2027]

18 (j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of  
19 this title showing only the amount of total tax due shall not be considered  
20 confidential return information under this section. For the purposes of  
21 calculating ~~credits~~ the homestead property tax exemption and the municipal

1 property tax credit under chapter 154 of this title, information provided by the  
2 Commissioner to a municipality under subsection 6066a(a) of this title and  
3 information provided by the municipality to a taxpayer under subsection  
4 6066a(f) shall be considered confidential return information under this section.

5 Sec. 25. 32 V.S.A. § 3206(b) is amended to read: [July 1, 2027]

6 (b) As used in this section, “extraordinary relief” means a remedy that is  
7 within the power of the Commissioner to grant under this title, a remedy that  
8 compensates for the result of inaccurate classification of property as homestead  
9 or nonhomestead pursuant to section 5410 of this title through no fault of the  
10 taxpayer, or a remedy that makes changes to a taxpayer’s homestead property  
11 tax exemption, municipal property tax credit, or renter credit claim necessary  
12 to remedy the problem identified by the Taxpayer Advocate.

13 \* \* \* Future Review of Foundation Formula \* \* \*

14 Sec. 26. 32 V.S.A. § 5414 is amended to read: [July 1, 2027]

15 § 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

16 (a) Creation. There is created the Education Fund Advisory Committee to  
17 monitor Vermont’s education financing system, conduct analyses, assist with  
18 the transformation of Vermont’s education finance system, and perform the  
19 duties under subsection (c) of this section.

20 \* \* \*

21 (c) Powers and duties.

1           (1) Annually, on or before December 15, the Committee shall make  
2 recommendations to the General Assembly regarding:

3               (A) updating the weighting factors using the weighting model and  
4 methodology used to arrive at the weights enacted under 2022 Acts and  
5 Resolves No. 127, which may include recalibration, recalculation, adding or  
6 eliminating weights, or any combination of these actions, as necessary;

7               (B) changes to, or the addition of new or elimination of existing,  
8 categorical aid, as necessary;

9               (C) changes to income levels eligible for a property tax credit under  
10 section 6066 of this title;

11              (D) means to adjust the revenue sources for the Education Fund;

12              (E) means to improve equity, transparency, and efficiency in  
13 education funding statewide;

14              (F) the amount of the Education Fund stabilization reserve;

15              (G) school district use of reserve fund accounts;

16              (H) national best practices for addressing intra-school district effects  
17 of a foundation formula, including through the use of weighting factors;

18              (I) whether to transition from a cost-based foundation formula to an  
19 evidence-based foundation formula; and

20              ~~(H)~~(J) any other topic, factor, or issue the Committee deems relevant  
21 to its work and recommendations.

\* \* \*

Sec. 27. 16 V.S.A. 4001 is amended to read: [contingent]

§ 4001. DEFINITIONS

As used in this chapter:

\* \* \*

(16) “Base amount” means a per pupil ~~cost factor~~ evidence-based amount of \$XX,XXX.00, which shall be adjusted for inflation annually on or before November 15 by the Secretary of Education. As used in this subdivision, “adjusted for inflation” means adjusting the base dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined.

\* \* \*

Sec. 28. 16 V.S.A. 4010 is amended to read: [contingent]

§ 4010. DETERMINATION OF WEIGHTED LONG-TERM MEMBERSHIP

\* \* \*

(d) Determination of weighted long-term membership. For each weighting category except the small schools weighting category under subdivision (b)(3) of this section, the Secretary shall compute the weighting count by using the

1 long-term membership, as defined in subdivision 4001(7) of this title, in that  
2 category.

3 (1) The Secretary shall first apply grade level weights. Each pupil  
4 included in long-term membership shall count as one, multiplied by the  
5 following amounts:

6 (A) prekindergarten— ~~X.X~~ Y.Y;

7 (B) grades six through eight— ~~X.X~~; Y.Y; and

8 (C) grades nine through 12— ~~X.X~~; Y.Y.

9 (2) The Secretary shall next apply a weight for pupils whose family is at  
10 or below 185 percent of FPL. Each pupil included in long-term membership  
11 whose family is at or below 185 percent of FPL shall receive an additional  
12 weighting amount of ~~X.X~~ Y.Y.

13 (3) The Secretary shall next apply a weight for EL pupils. Each EL  
14 pupil included in long-term membership shall receive an additional weighting  
15 amount of ~~X.X~~ Y.Y.

16 (4) The Secretary shall then apply a weight for pupils living in low  
17 population density school districts. Each pupil included in long-term  
18 membership residing in a low population density school district, measured by  
19 the number of persons per square mile residing within the land area of the  
20 geographic boundaries of the district as of July 1 of the year of determination,  
21 shall receive an additional weighting amount of:

1 (A) ~~X.X~~ Y.Y, where the number of persons per square mile is fewer  
2 than 36 persons;

3 (B) ~~X.X~~ Y.Y, where the number of persons per square mile is 36 or  
4 more but fewer than 55 persons; or

5 (C) ~~X.X~~ Y.Y, where the number of persons per square mile is 55 or  
6 more but fewer than 100.

7 (5) The Secretary shall lastly apply a weight for pupils who attend a  
8 small school. If the number of persons per square mile residing within the land  
9 area of the geographic boundaries of a school district as of July 1 of the year of  
10 determination is 55 or fewer, then, for each pupil listed under subdivision  
11 (b)(3)(C) of this section (pupils who attend small schools):

12 (A) where the school has fewer than 100 pupils in average two-year  
13 enrollment, the school district shall receive an additional weighting amount of  
14 ~~X.X~~ Y.Y for each pupil included in the small school's average two-year  
15 enrollment; or

16 (B) where the small school has 100 or more but fewer than 250  
17 pupils, the school district shall receive an additional weighting amount of ~~X.X~~  
18 Y.Y for each pupil included in the small school's average two-year enrollment.

19 (6) A school district's weighted long-term membership shall equal long-  
20 term membership plus the cumulation of the weights assigned by the Secretary  
21 under this subsection.



\* \* \*

\* \* \* Adult Education Updates \* \* \*

Sec. 29. 16 V.S.A. § 4011 is amended to read: [July 1, 2025]

§ 4011. EDUCATION PAYMENTS

(a) Annually, the General Assembly shall appropriate funds to pay for statewide education spending and a portion of a base education amount for each adult education and secondary credential program student.

(b) For each fiscal year, the base education amount shall be \$6,800.00, increased by the most recent New England Economic Project Cumulative Price Index, as of November 15, for state and local government purchases of goods and services from fiscal year 2005 through the fiscal year for which the amount is being determined, plus an additional one-tenth of one percent.

\* \* \*

(f) Annually, ~~the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program~~ from funds appropriated for this subsection to the Agency in an amount equal to 26 percent of the base education amount for each student who completes the diagnostic portions of ~~the~~ an adult education and secondary credential program, based on an average of the previous two years; ~~40, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult~~

1 education and secondary credential program an amount that shall be calculated  
2 pursuant to the funding formula contained in the State Board of Education  
3 adult education rules. Forty percent of the payment required under this  
4 subsection shall be from State funds appropriated from the Education Fund and  
5 60 percent of the payment required under this subsection shall be from State  
6 funds appropriated from the General Fund.

7 \* \* \*

8 Sec. 30. ADULT EDUCATION; FUNDING; REPORT [July 1, 2025]

9 (a) On or before December 1, 2025, the Agency of Education, in  
10 consultation with local adult education and literacy providers, shall submit a  
11 written report to the House Committee on Commerce and Economic  
12 Development, the Senate Committee on Economic Development, Housing and  
13 General Affairs, and the House and Senate Committees on Education with  
14 recommendations to modernize adult education funding to ensure funds are  
15 distributed equitably across all regions of the State.

16 (b) For fiscal year 2026, the Agency of Education shall negotiate in good  
17 faith to extend the existing contracts with local adult education and literacy  
18 providers for a term of one year. The Agency shall endeavor to maintain the  
19 terms of the existing contracts to the greatest extent possible.

\* \* \* Effective Dates \* \* \*

Sec. 31. EFFECTIVE DATES

(a) This section and Secs. 10 (transportation reimbursement guidelines), 11 (inflationary measures report), and 22 (homestead declaration sample form) shall take effect on passage.

(b) Secs. 29-30 (adult education) shall take effect on July 1, 2025.

(c) Secs. 27-28 (transition to evidence-based foundation formula) shall take effect upon:

(1) development and review of an evidence-based foundation formula by professional judgment panels;

(2) achievement by 90 percent of Vermont classes of class-size standards set in the education quality standards;

(3) achievement by 90 percent of Vermont school buildings of school building parameters set in the education quality standards; and

(4) implementation of a multi-tiered system of supports in each Vermont school.

(d) All other sections shall take effect on July 1, 2027.